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## **Kentucky Access holds rate increase to 3 percent despite much higher market trends**

**FRANKFORT** - Kentucky Access will hold rate increases to 3 percent for health insurance premiums in 2002 despite much higher trends in the individual health insurance market, Commissioner Janie Miller announced today.

The rate increase compares to average hikes as high as 14 percent in the rest of the individual market, Miller said. The individual market comprises approximately 100,000 Kentuckians, including farm families, the self-employed, and people who cannot get insurance through their employers.

The increase directly relates to market trends that include increasing medical costs, Miller said.

Even with the increase, Kentucky Access is able to offer premiums for similar coverage that is substantially cheaper than what private insurers would charge the sickest individuals, Miller said.

For example, Kentucky Access charges \$401 a month for a 35- to 39-year-old woman who chooses the state's standard health benefit plan, the most comprehensive possible coverage with no limit to lifetime maximum benefits. At the largest, private competitor, Anthem, the rate would be 45 percent higher or \$730 a month for identical benefits and the same provider network.

"We will continue as an option for individuals with high-cost medical conditions," Commissioner Miller said. "We've also seen companies come back to Kentucky this year because of Kentucky Access. Where there was only one statewide choice a year ago, there are now seven choices for individual consumers."

In recent years prior to the 2000 legislation creating Kentucky Access, Anthem was the only statewide health insurer in the individual market. Humana had a smaller, regional market. Now there are seven choices, including the four new statewide carriers (John Alden, Fortis, Physicians Mutual, and Mega Life), and Anthem, Humana and Kentucky Access.

The increasing competition also prompted Anthem to offer more benefit plan options, including new plans of \$5,000 and \$10,000 deductibles. Anthem lowered its best rates for the healthiest individuals by 13 percent and by 5 percent for its next healthiest group of individuals on the same day that Kentucky Access opened for business on Jan. 1, 2001.

Kentucky Access has received more than 1,000 applications and has approximately 800 enrollees. Twenty-eight other states offer similar insurance pools for high-risk individuals. Enrollees pay a premium that can be held at reasonable levels in Kentucky because of subsidies from the tobacco settlement fund and an assessment charged to insurance carriers. Somewhere between 3,000 and 5,000 Kentuckians are projected to benefit by the program's fourth year, the Department of Insurance estimates.

Gov. Paul Patton and key state lawmakers were instrumental in creating Kentucky Access during the 2000 legislative session. The goal was to continue to protect individuals who are the hardest to insure because of health while also promoting carriers to return to Kentucky's individual market to compete for approximately 100,000 Kentuckians in the market.

More than 45 insurance carriers left the market in the mid-1990s when companies were mandated to "guarantee issue" coverage to any eligible individual, regardless of health.

Kentucky Access provides coverage to any eligible individual because of high-cost medical conditions or if private insurers turn them down because of health. Carriers are now able to use their own underwriting guidelines to determine the individuals they will cover. These were the key reasons why carriers said they were willing to return to the Kentucky market this year.

The new Kentucky Access rates affect individuals who enroll for or renew coverage effective on or after Jan. 1, 2002. Current enrollees will not see a rate change until their one-year enrollment period expires and they renew coverage effective any time in 2002.

Although the overall rate increase is 3 percent, some individuals can see higher or lower premiums depending on their age. For example, premiums decline when women move from the age group of 30-34 and into the age band of 35-39. Premiums increase substantially when men move from the age group of 55-59 to the ages of 60-64.

(Note: Separate attachment compares the rates effective in 2002 for individuals with high-cost conditions who choose Anthem or the top four choices offered by Kentucky Access.)